

JOINT COMMITTEE ON CAPITAL REVIEW

Wednesday, June 24, 2020

10:00 a.m. or upon adjournment of the JLBC meeting

JLBC

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

DAVID M. GOWAN
VICE-CHAIRMAN
LELA ALSTON
SEAN BOWIE
DAVID BRADLEY
RICK GRAY
SINE KERR
VINCE LEACH

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

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HOUSE OF
REPRESENTATIVES

REGINA E. COBB
CHAIRMAN
CHARLENE R. FERNANDEZ
RANDALL FRIESE
JOHN KAVANAGH
AARON O. LIEBERMAN
WARREN PETERSEN
BEN TOMA

JOINT COMMITTEE ON CAPITAL REVIEW
Wednesday, June 24, 2020
10:00 A.M. or upon adjournment of JLBC meeting
Teleconference

MEETING NOTICE

- Call to Order
 - [Approval of Minutes of April 29, 2020.](#)
 - DIRECTOR'S REPORT (if necessary).
1. [***ARIZONA EXPOSITION AND STATE FAIR BOARD - Review of Coliseum Building Roof Repair Project.](#)
 2. [***ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2021 Building Renewal Allocation Plan.](#)
 3. [***ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2021 Building Renewal Allocation Plan and Revised FY 2020 Building Renewal Allocation Plan.](#)
 4. [***ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending Secretary of State FY 2021 Rent Exemption.](#)

- * The meeting will be held via teleconference software. Members of the public may access a livestream of the meeting [here](https://azleg.granicus.com/MediaPlayer.php?publish_id=2) (https://azleg.granicus.com/MediaPlayer.php?publish_id=2)
- *** Consent Agenda - These items will be considered in one motion and no testimony will be taken.

The Chairman reserves the right to set the order of the agenda.

~~06/16/2020~~

06/23/2020

lm

kp

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.



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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

April 29, 2020

The Chairman called the meeting to order at 4:19 p.m., Wednesday, April 29, 2020 via video conference. The following were present:

Members:	Senator Gowan	Representative Cobb, Chairman
	Senator Alston	Representative Fernandez
	Senator Bowie	Representative Fries
	Senator Bradley	Representative Kavanagh
	Senator Gray	Representative Lieberman
	Senator Kerr	Representative Toma
	Senator Leach	

Absent: Representative Petersen

APPROVAL OF MINUTES

Senator Gowan moved that the Committee approve the minutes of December 11, 2019. The motion carried.

CONSENT AGENDA

The following items were considered without discussion:

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Recommending FY 2020 Partial Rent Exemption.

A.R.S. § 41-792.01D authorizes the Director of ADOA, on recommendation from the Joint Committee on Capital Review, to grant a full or partial exemption from the payment of state-owned rental fees if an agency does not occupy their space or lacks the financial resources to make a payment. ADOA requested the Committee recommend partial rent exemptions for FY 2020 for:

(Continued)

- \$(3,100) for the Board of Homeopathic and Integrated Medicine Examiners and a corresponding rent increase for ADOA.
- \$(800) for the Naturopathic Physicians Medical Board and a corresponding rent increase for the Acupuncture Board of Examiners.

The JLBC Staff provided options.

ARIZONA EXPOSITION AND STATE FAIR BOARD (AESF) - Review of FY 2020 Capital Improvement Expenditures.

A.R.S. § 41-1252 requires the Joint Committee on Capital Review to review expenditure plans for monies appropriated for capital projects. The FY 2020 Capital Outlay Bill appropriated \$1,300,000 from the Arizona Exposition and State Fair Fund to the Arizona Exposition and State Fair Board (AESF) for capital improvements. AESF Board requested Committee review the scope, purpose, and estimated cost of 3 capital projects with a total cost of \$170,000. (See Table 1).

Table 1	
<u>AESF Requested Project</u>	<u>Estimated Project Cost</u>
Coliseum Fire Alarm Replacement - Phase 2	\$ 20,000
Agriculture Center Fire Alarm	100,000
Plumbing Repairs	<u>50,000</u>
TOTAL	\$170,000

The JLBC Staff provided options and potential provisions:

- A. *AESF shall report to the JLBC Staff if the actual cost of any project included in the expenditure plan exceeds the estimated cost by more than 20%.*
 - B. *If an emergency arises that is not addressed by the existing expenditure plan:*
 1. *AESF shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. AESF can proceed without Committee review.*
 2. *The Chairman can allow AESF to move forward with an emergency project of greater than \$50,000 without Committee review.*
 3. *The Chairman will notify AESF if she does not agree that the project is an emergency and that the project will require full Committee review.*
- An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.*
- C. *No monies from the FY 2019 (Laws 2018, Chapter 277) or FY 2020 (Laws 2019, Chapter 264) capital appropriation may be spent on projects related to the 1938 WPA Civic Building without prior Committee review.*

(Continued)

- D. *On or before July 31, 2020 and January 31, 2021 the Arizona Exposition and State Fair Board shall report to the JLBC Staff on the status of all capital improvement projects and capital improvement expenditures, including prior projects reviewed by the Committee.*

ARIZONA GAME AND FISH DEPARTMENT (AGFD) – Review of Building Renewal Reallocation Plan and Aquatic Research Center Capital Project.

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal and capital projects monies. AGFD requested review of \$302,500 for new building renewal projects, which are being funded from the reallocation of building renewal monies previously reviewed by the Committee. (See Table 2).

In addition, the AGFD requested Committee review of a \$678,500 capital project to construct an additional building at the Aquatic Research and Conservation Center, which will be paid with Federal Funds.

Table 2	
AGFD Building Renewal Reallocation – New Proposed Projects	
<u>Office Repairs</u>	
Flagstaff – Warehouse Roofing Repairs	\$ 28,800
Mesa – Entry Sign Replacement	29,100
Tucson – Access Road Entry Maintenance	10,000
Pinetop Field Office Repairs	<u>17,600</u>
Subtotal	\$ 85,500
<u>Wildlife Areas</u>	
Bubbling Ponds – Manager's Residence Repair	\$ 42,700
Cluff Ranch – Laundry Building Repair	13,700
Horseshoe Ranch – Roof Repairs	11,300
Horseshoe Ranch – Septic System Additional Repairs	89,300
Sipe – Generator Replacement	<u>60,000</u>
Subtotal	\$217,000
Total	\$302,500

The JLBC Staff provided options and a potential provision:

- A. *The AGFD shall report any change in the building renewal spending plan to the Joint Committee on Capital Review Chairman and the JLBC Staff. If there is significant change of scope in the reallocation reported by AGFD, the Chairman may require further Committee review.*

DEPARTMENT OF PUBLIC SAFETY – Review of Remote Housing Replacement.

A.R.S. § 41-1252 requires the Joint Committee on Capital Review to review expenditure plans for monies appropriated to capital projects. The FY 2020 Capital Outlay Bill appropriated \$2,400,000 to DPS for the replacement of highway patrol officer remote housing units. The JLBC Staff provided options and potential provisions:

(Continued)

- A. *The department shall report to the JLBC Staff on or before May 31 and November 30 of each year until the project is completed. The report shall include the status and the construction timeline of the units.*
- B. *Upon completion of the procurement process, the department shall report to the JLBC Staff the cost and selected location of each unit.*

Senator Gowan moved that the Committee give a favorable review with provisions as outlined in the JLBC Staff analysis, to the 4 consent agenda items listed above. The motion carried.

REGULAR AGENDA

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Revised Scope of Lewis and Yuma Lock and HVAC Projects.

Mr. Geoff Paulsen, JLBC Staff, stated pursuant to a provision from the December 2019 Joint Committee on Capital Review meeting, ADC submitted a report detailing its proposal to install air conditioning rather than indirect or direct evaporative cooling in select Lewis and Yuma prison units. The department also requested review of further changes to the scope of the project to utilize a different locking system and to make additional facility upgrades to affected units. The JLBC Staff provided options and potential provisions.

Mr. David Shinn, Director, ADC, responded to member questions.

Senator Gowan moved that the Committee give a favorable review to the updated expenditure plan, as listed in Table 3. The Committee review also included the following provisions:

- A. *A favorable review of the proposal does not constitute endorsement of any General Fund commitment to pay for any project costs beyond the \$11.0 million appropriated in the FY 2021 budget.*
- B. *The department shall comply with American Correctional Association (ACA) standards for all locks purchased and installed as part of this project.*
- C. *The department shall report to the Committee any change in project scope or the expenditure plan as outlined in Table 3. The Chair will determine if the change requires further JCCR review.*
- D. *The department shall report to the Committee 60 days after the end of each calendar year quarter concerning the disposition of the \$9.55 million worth of locks that have been purchased for cell doors but are no longer being used for that purpose. The report shall address the number of locks repurposed and installed on non-cell doors, and the location. The report shall also include ADC's estimate for potential cancellation costs and the plan to mitigate those costs.*

ADC submitted a revised expenditure plan on April 29, 2020 that is not reflected in Table 3.

Table 3			
Lewis and Yuma Lock, HVAC and Fire System Project Costs			
	<u>Original Proposal</u>	<u>New Proposal</u>	<u>Difference</u>
Phase 1 – Lewis Locks/Fire Systems	\$ 25,890,000	\$ 5,706,700	\$ (20,183,300)
Phase 2 – Lewis HVAC	11,610,000	26,730,700	15,120,700
Phase 3 – Yuma Lock/HVAC/Fire Systems	13,900,000	14,736,600	836,600
Originally Purchased Locks - Repurposed		4,243,500	4,243,500
Potential Cancellation Penalties	-	5,311,000	5,311,000
New Upgrades ^{1/}	-	3,300,000	3,300,000
Total Project Costs	\$51,400,000	\$60,028,500	\$8,628,500
^{1/} ADC's new proposal would replace the current ceramic toilets with stainless steel, and upgrade to self-contained light fixtures less prone to tampering.			

Senator Leach made a substitute motion that the Committee give an unfavorable review to the updated expenditure plan. The substitute motion failed by a roll call vote of 5-8-0-1. (Attachment 1)

The original motion passed with a roll call vote of 8-5-0-1. (Attachment 1).

ARIZONA STATE UNIVERSITY (ASU) - Review of Building Infrastructure Project (Agenda Item 2A) and Review of Classroom, Academic and Research Laboratory Renovations (Agenda Item 2B).

The Committee first heard staff presentations for agenda items 2A and 2B before discussing both agenda items.

Ms. Morgan Dorcheus, JLBC Staff, stated that A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. ASU requested Committee review of \$20,000,000 in system revenue bond issuances to fund building infrastructure projects. The JLBC Staff provided options and potential provisions.

Ms. Alexis Pagel, JLBC Staff, stated that A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. ASU requested Committee review of \$35,000,000 in system revenue bond issuances, with \$15,000,000 allocated for classroom and academic building renovations and \$20,000,000 allocated for research laboratory renovations. ASU will fund the debt service payments with tuition. The JLBC Staff provided options and potential provisions.

Mr. Morgan Olsen, Executive Vice President, Treasurer and Chief Financial Officer, ASU, responded to member questions on both agenda items.

Agenda Item 2A – Review of Building Infrastructure Project

Senator Gowan moved that the Committee give a favorable review to ASU's planned issuance of \$20,000,000 of system revenue bonds to fund building infrastructure projects.

The review included the following standard university financing provisions shown below:

Standard University Financing Provisions

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service or any operations and maintenance costs when the project is complete.

(Continued)

- B. ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.
- C. On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the Building Infrastructure project. The report shall include the project expenditures to date by type of building system, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

Senator Leach made a substitute motion that the Committee give an unfavorable review to ASU's planned issuance of \$20,000,000 of system revenue bonds to fund building infrastructure projects. The substitute motion failed by a roll call vote of 3-10-0-1. (Attachment 2)

The original motion passed with a roll call vote of 10-3-0-1. (Attachment 2).

Agenda Item 2B – Review of Classroom, Academic and Research Laboratory Renovations

Senator Gowan moved that the Committee give a favorable review to ASU's planned issuance of \$35,000,000 in system revenue bonds, with \$15,000,000 allocated for classroom and academic building renovations and \$20,000,000 allocated for research laboratory renovations.

The review included the following standard university financing provisions shown below:

Standard University Financing Provisions

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service or any operations and maintenance costs when the project is complete.
- B. ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.
- C. On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the Classroom and Academic renovations and the Research Laboratory renovations projects. The report shall include the project expenditures to date by building, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

Senator Leach made a substitute motion that the Committee give an unfavorable review to ASU's planned issuance of \$35,000,000 in system revenue bonds, with \$15,000,000 allocated for classroom and academic building renovations and \$20,000,000 allocated for research laboratory renovations. The substitute motion failed by a roll call vote of 3-10-0-1. (Attachment 3)

The original motion passed with a roll call vote of 10-3-0-1. (Attachment 3).

Without objection, the meeting adjourned at 5:59 p.m.

(Continued)

Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Deputy Director



Representative Regina Cobb, Chairman

JOINT COMMITTEE ON CAPITAL REVIEW

Meeting Date: 4/29/201 ITEM # ADC Substitute Unfav.Review
motion

	<u>PRESENT</u>	<u>ABSENT</u>	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>
SEN. ALSTON	<u>/</u>	<u> </u>		<u>/</u>			
SEN. BOWIE	<u>/</u>	<u> </u>		<u>/</u>			
SEN. BRADLEY	<u>/</u>	<u> </u>			<u>/</u>		
REP. FERNANDEZ	<u>/</u>	<u> </u>		<u>/</u>			
REP. FRIESE	<u>/</u>	<u> </u>			<u>/</u>		
SEN. GRAY	<u>/</u>	<u> </u>			<u>/</u>		
REP. KAVANAGH	<u>/</u>	<u> </u>			<u>/</u>		
SEN. KERR	<u>/</u>	<u> </u>		<u>/</u>			
SEN. LEACH	<u>/</u>	<u> </u>		<u>/</u>			
REP. LIEBERMAN	<u>/</u>	<u> </u>			<u>/</u>		
REP. PETERSEN	<u> </u>	<u>/</u>					<u>/</u>
REP. TOMA	<u>/</u>	<u> </u>			<u>/</u>		
SEN. GOWAN	<u>/</u>	<u> </u>			<u>/</u>		
REP. COBB	<u>/</u>	<u> </u>			<u>/</u>		
TOTALS	<u>13</u>	<u>1</u>	<u> </u>	<u>5</u>	<u>8</u>	<u>0</u>	<u>1</u>

1 ITEM # ADC Favorable
Review Motion

	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>
SEN. ALSTON			<u>/</u>		
SEN. BOWIE			<u>/</u>		
SEN. BRADLEY		<u>/</u>			
REP. FERNANDEZ			<u>/</u>		
REP. FRIESE		<u>/</u>			
SEN. GRAY		<u>/</u>			
REP. KAVANAGH		<u>/</u>			
SEN. KERR			<u>/</u>		
SEN. LEACH			<u>/</u>		
REP. LIEBERMAN		<u>/</u>			
REP. PETERSEN					<u>/</u>
REP. TOMA		<u>/</u>			
SEN. GOWAN		<u>/</u>			
REP. COBB		<u>/</u>			
TOTALS	<u> </u>	<u>8</u>	<u>5</u>	<u>0</u>	<u>1</u>

JOINT COMMITTEE ON CAPITAL REVIEW

Meeting Date: 4/29/20

2A ITEM # ASU - Infrastructure
Substitute Unfavorable Review

	<u>PRESENT</u>	<u>ABSENT</u>	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>
SEN. ALSTON	<u>/</u>	<u>—</u>			<u>/</u>		
SEN. BOWIE	<u>/</u>	<u>—</u>			<u>/</u>		
SEN. BRADLEY	<u>/</u>	<u>—</u>			<u>/</u>		
REP. FERNANDEZ	<u>/</u>	<u>—</u>			<u>/</u>		
REP. FRIESE	<u>/</u>	<u>—</u>			<u>/</u>		
SEN. GRAY	<u>/</u>	<u>—</u>			<u>/</u>		
REP. KAVANAGH	<u>/</u>	<u>—</u>			<u>/</u>		
SEN. KERR	<u>/</u>	<u>—</u>			<u>/</u>		
SEN. LEACH	<u>/</u>	<u>—</u>		<u>/</u>			
REP. LIEBERMAN	<u>/</u>	<u>—</u>			<u>/</u>		
REP. PETERSEN	<u>—</u>	<u>/</u>					<u>/</u>
REP. TOMA	<u>/</u>	<u>—</u>			<u>/</u>		
SEN. GOWAN	<u>/</u>	<u>—</u>		<u>/</u>			
REP. COBB	<u>/</u>	<u>—</u>		<u>/</u>			
TOTALS	<u>13</u>	<u>1</u>	<u>—</u>	<u>3</u>	<u>10</u>	<u>0</u>	<u>1</u>

2A ITEM # ASU Favorable
Review

	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>
SEN. ALSTON		<u>/</u>			
SEN. BOWIE		<u>/</u>			
SEN. BRADLEY		<u>/</u>			
REP. FERNANDEZ		<u>/</u>			
REP. FRIESE		<u>/</u>			
SEN. GRAY		<u>/</u>			
REP. KAVANAGH		<u>/</u>			
SEN. KERR		<u>/</u>			
SEN. LEACH			<u>/</u>		
REP. LIEBERMAN		<u>/</u>			
REP. PETERSEN					<u>/</u>
REP. TOMA		<u>/</u>			
SEN. GOWAN			<u>/</u>		
REP. COBB			<u>/</u>		
TOTALS	<u>—</u>	<u>10</u>	<u>3</u>	<u>0</u>	<u>1</u>

Attachment 2

JOINT COMMITTEE ON CAPITAL REVIEW

Meeting Date: 4/29/20

2B ITEM# ASU -Renovation & Substitute

Unfavorable
Review

2B ITEM# ASU Favorable
Review

	<u>PRESENT</u>	<u>ABSENT</u>	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>
SEN. ALSTON	<u>/</u>	<u> </u>			<u>/</u>		
SEN. BOWIE	<u>/</u>	<u> </u>			<u>/</u>		
SEN. BRADLEY	<u>/</u>	<u> </u>			<u>/</u>		
REP. FERNANDEZ	<u>/</u>	<u> </u>			<u>/</u>		
REP. FRIESE	<u>/</u>	<u> </u>			<u>/</u>		
SEN. GRAY	<u>/</u>	<u> </u>			<u>/</u>		
REP. KAVANAGH	<u>/</u>	<u> </u>			<u>/</u>		
SEN. KERR	<u>/</u>	<u> </u>			<u>/</u>		
SEN. LEACH	<u>/</u>	<u> </u>		<u>/</u>			
REP. LIEBERMAN	<u>/</u>	<u> </u>			<u>/</u>		
REP. PETERSEN	<u> </u>	<u>/</u>					<u>/</u>
REP. TOMA	<u>/</u>	<u> </u>			<u>/</u>		
SEN. GOWAN	<u>/</u>	<u> </u>		<u>/</u>			
REP. COBB	<u>/</u>	<u> </u>		<u>/</u>			
TOTALS	<u>13</u>	<u>1</u>	<u> </u>	<u>3</u>	<u>16</u>	<u>0</u>	<u>1</u>

	<u>PASS</u>	<u>AYE</u>	<u>NAY</u>	<u>PRESENT</u>	<u>ABSENT</u>
SEN. ALSTON		<u>/</u>			
SEN. BOWIE		<u>/</u>			
SEN. BRADLEY		<u>/</u>			
REP. FERNANDEZ		<u>/</u>			
REP. FRIESE		<u>/</u>			
SEN. GRAY		<u>/</u>			
REP. KAVANAGH		<u>/</u>			
SEN. KERR		<u>/</u>			
SEN. LEACH			<u>/</u>		
REP. LIEBERMAN		<u>/</u>			
REP. PETERSEN					<u>/</u>
REP. TOMA		<u>/</u>			
SEN. GOWAN			<u>/</u>		
REP. COBB			<u>/</u>		
TOTALS	<u> </u>	<u>10</u>	<u>3</u>	<u>0</u>	<u>1</u>



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DATE: June 17, 2020

TO: Members of the Joint Committee on Capital Review

FROM: Henry Furtick, Fiscal Analyst

SUBJECT: Arizona Exposition and State Fair Board - Review of Coliseum Building Roof Repair Project

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects. The Arizona Exposition and State Fair (AESF) Board requests Committee review of \$1,000,000 from the AESF Fund for roof repairs to the Arizona Veterans' Memorial Coliseum building (Coliseum) on the State Fairgrounds. Of the \$1,000,000 amount, \$669,000 is allocated from the agency's FY 2020 capital improvement appropriation with the remaining \$331,000 allocated from the agency's FY 2020 operating appropriation.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Under either option, the Committee may also consider the following provisions:

- A. AESF shall report to the JLBC Staff if the actual cost of the project exceeds the estimated cost by more than 20%.
- B. If an emergency arises that is not addressed by the existing expenditure plan:
 1. AESF shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 from their capital improvement appropriation on an emergency project. AESF can proceed without Committee review.

(Continued)

2. The Chairman can allow AESF to move forward with an emergency project of greater than \$50,000 without Committee review.
3. The Chairman will notify AESF if she does not agree that the project is an emergency and that the project will require full Committee review.

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

- C. No monies from the FY 2019 (Laws 2018, Chapter 277) or FY 2020 (Laws 2019, Chapter 264) capital improvement appropriation may be spent on projects related to the 1938 WPA Civic Building without prior Committee review.
- D. On or before January 31, 2021 and July 31, 2021, the Arizona Exposition and State Fair Board shall report to the JLBC Staff on the status of all capital improvement projects and capital improvement expenditures, including prior projects reviewed by the Committee.

Provisions A-D repeat existing conditions from prior JCCR review of AESF projects.

Key Points

- 1) The State Fair is requesting review of \$1.0 million for roof repairs to the Coliseum building.
- 2) The agency will use \$669,000 from its \$1.3 million capital improvement appropriation.
The FY 2020 capital appropriation is available until the end of FY 2021.
- 3) The agency will also use \$331,000 from its \$13.5 million FY 2020 operating appropriation.

Analysis

Background

The Arizona Veterans' Memorial Coliseum building is a 14,000 seat, multi-purpose indoor arena which opened in 1965 at the State Fairgrounds in Phoenix. The facility has a saddle-shaped roof supported by 72 tension-cables. The tension-cables are arranged in an overlapping crisscross pattern forming a suspension gird supporting the roof. Precast concrete panels are placed at the cable intersections to provide stability to the suspension gird.

In March 2020, AESF facility operations detected a discoloration in the membrane of the Coliseum roof. A more detailed inspection performed by a contracted vendor indicated that 2 of the tension-cables supporting the roof were experiencing a loss of tension. The failed cables show signs of breakage along the cables' coupler at the perimeter of the roof. Further inspection by the vendor found the other 70 cables and associated tension couplers to be under the proper tension and structurally sound.

The repairs will be overseen by the ADOA General Services Division who will contract to repair the damaged tension couplers. The estimated cost of replacing the damaged couplers on the 2 cables experiencing tension failure is \$1,000,000. AESF anticipates the roof repairs will take up to 10 weeks to complete.

HF:kp



June 8, 2020

The Honorable Regina Cobb, Chairman
Joint Committee on Capital Review (JCCR)
Arizona House of Representatives
1700 West Washington
Phoenix, AZ 85007

Re: Request for Placement on Joint Committee of Capital Review Agenda

Dear Representative Cobb:

The Arizona Exposition and State Fair (AESF) respectfully requests a favorable review for the following capital improvement:

1. Coliseum Roof Repair

Two cables (#14 and N) of the 72 cables that comprise the grid roof support system of the Veterans Memorial Coliseum at the State Fairgrounds have experienced a loss of tension. An inspection and analysis of the cause was conducted by Gervasio Engineering and indicated that the loss of tension was a result of the cables breaking at the coupler, near the perimeter of the roof. An inspection of the remaining cables by Gervasio Engineering and Porter Roofing, found all other cables to be under tension and structurally sound.

This is a life safety concern and requires immediate repair to maintain continued occupancy and use of the building. Repairs will need to begin immediately to ensure AESF can meet its contractual obligations for events and activities scheduled for the Coliseum, including the Arizona State Fair in October.

The Agency requests a favorable review for this project in the amount of \$1,000,000. Sources for funding this project would involve \$669,000 from the AESF FY2020 Capital Improvement Appropriation, and the remaining \$331,000 from the Agency's FY2020 Operating Appropriation. The \$331,000 amount is available due to a one-time savings and deferred spending resulting from event cancellations that occurred in 2020 due to COVID-19.

This project will be managed by ADOA General Services Division and will be funded with Agency monies, rather than the General Fund.

If you have any questions or require additional information concerning the requests, please contact me at 602-252-6771.



Sincerely,

A handwritten signature in cursive script that reads "W Costello".

Wanell Costello
Executive Director

CC: Senator David Gowan, Vice-Chairman, JCCR
Richard Stavneak, Director, JLBC
Matthew Gress, Director, OSPB
Zachery Milne, Budget Analyst, OSPB
Henry Furtick, Fiscal Analyst, JLBC



STATE OF ARIZONA

Joint Committee on Capital Review

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BEN TOMA

DATE: June 17, 2020

TO: Members of the Joint Committee on Capital Review

FROM: David Hoffer, Economist

SUBJECT: Arizona Game and Fish Department - Review of FY 2021 Building Renewal Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona Game and Fish Department (AGFD) requests the Committee review its \$1,059,800 FY 2021 Building Renewal Allocation Plan.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

With *Provision B*, the proposed building renewal plan is consistent with building renewal guidelines and appropriations.

Under either option, the Committee may also consider the following provisions:

- A. AGFD shall report any expenditure of the building renewal emergency allocation of \$75,000 to the JLBC Staff as part of its existing semi-annual building renewal status report.
- B. In accordance with A.R.S. § 41-790, AGFD's Headquarters Major Maintenance Fund may not use building renewal monies for movable equipment.

(Continued)

Key Points

- 1) AGFD is seeking review of \$1,059,800 for 11 items in its FY 2021 building renewal allocation plan.
- 2) The allocation plan includes lighting, roofing, electrical and septic repairs, along with general renovations.
- 3) AGFD would also complete a statewide facility assessment of buildings the department operates.

Analysis

FY 2021 Building Renewal Allocation Plan

The FY 2021 Capital Outlay Bill appropriated a total of \$1,157,900 from the Game and Fish Fund for building renewal, which provides for the major maintenance and repair of state-owned buildings. Please see *Table 1* below for a summary of the 11 items in the expenditure plan, as well as the descriptions below for individual project details and cost estimates.

As background, regional offices serve as a base of operations for AGFD personnel in their respective areas and typically employ around 30 employees, wildlife areas are habitats of particular recreational significance that employ a full-time manager on-site, and fish hatcheries produce the sportfish stocked throughout Arizona lakes.

Table 1

FY 2021 Building Renewal Allocation Plan ^{1/}

Regional Office Projects

Office Exterior Lighting LED Conversions	\$40,000
--	----------

Wildlife Area Projects

Horseshoe Ranch - Outbuilding Reroofing	90,000
Horseshoe Ranch - Septic System Replacement Phase 2	150,000
Horseshoe Ranch - Solar Power System Renovation	95,000
Quigley - Residence Renovation	125,000
Robbins Butte - Manager's Residence Septic System	40,000
Whitewater Draw - Residence Renovation	<u>150,000</u>
Subtotal	650,000

Headquarters/Statewide Projects

Statewide - Facility Condition Assessment	150,000
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Maintenance and Emergency Allocations

Emergency Allocation	75,000
Headquarters Major Maintenance Fund	52,200
Preventative Maintenance	<u>92,600</u>
Subtotal	219,800

Total	\$1,059,800
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^{1/} All estimates are from AGFD engineer estimates or licensed contractor bids.

(Continued)

Regional Office Exterior Lighting LED Conversions

The department proposes a \$40,000 project to retrofit exterior lighting with LED area lighting fixtures and lamps.

Horseshoe Ranch Wildlife Area Projects

- The department has determined that roofing on the kitchen and dining building and 2 bungalows needs to be fully replaced. To fix this issue, AGFD would allocate \$90,000 to strip off old roofing, replace any sheeting deemed necessary, and reroof with a standing seam metal roof.
- AGFD reported that several septic systems at the Horseshoe Wildlife area were showing signs of failure and require replacement. Replacement of the system is a multi-year project, with \$200,000 having been reviewed by the Committee at its September 2019 meeting. AGFD now proposes \$150,000 for Phase 2, which would complete the project by connecting all buildings to a new 7,500-gallon septic tank and new wastewater treatment bed and decommissioning existing septic tanks and water treatment beds.
- The Horseshoe Ranch Wildlife Area currently uses solar power and a propane generator to power the facility. The current solar system's battery bank is failing, requiring them to primarily run on the propane generator. AGFD plans to spend \$95,000 to replace the current components with up to date technology and modernize the battery storage system.

Quigley Wildlife Area

The department proposes a \$125,000 renovation of an existing residential building on newly acquired land. The residential building will be utilized by full-time on-site personnel to provide habitat management, property maintenance and building security. The renovation would include electrical code remediation, new roofing, new interior and exterior painting, perimeter porch covering repairs, and new bathroom fixtures and flooring.

Robbins Butte Wildlife Area Manager's Residence Septic System

The department has determined that the Manager's residence septic system at Robbins Butte is currently failing. To remediate this the AGFD proposes a \$40,000 project that would design and construct a new Arizona Department of Environmental Quality (DEQ) approved septic system and abandon the old septic system.

Whitewater Draw Residence Renovation

AGFD has determined that the residence at Whitewater Draw requires \$150,000 of renovations. These renovations would include electrical code remediation, new roofing, new interior and exterior paint, perimeter porch covering repairs, new bathroom fixtures, new kitchen cabinets and fixtures, and flooring.

Headquarters/Statewide Projects

AGFD would also allocate \$150,000 for a statewide facility inventory and condition assessment. AGFD reports that having data provided by this assessment would assist in capital budget development and provide real time deferred maintenance reporting. This is the second year of the assessment project, as AGFD's FY 2020 building renewal allocation plan included \$125,000 for this item.

Maintenance and Emergency Set-Asides

The department designated 3 allocations for maintenance and emergency purposes:

- An emergency allocation of \$75,000 for unscheduled and unanticipated building system or equipment repairs requiring immediate response, with AGFD to report on this spending as described by *Provision A*.

(Continued)

- The department proposes a deposit of \$52,200 into its Major Maintenance Fund. This non-state interest-bearing account is designed to cover future major maintenance capital expenses for the AGFD headquarters building, which has 14 years left on its lease-purchase agreement. AGFD lists "upgrades to telecommunications and information systems" as one use of this fund. *Provision B* clarifies that telecommunications and information systems excludes movable equipment, such as laptops.
- As permitted by A.R.S. § 41-793.01D, AGFD has set aside 8%, or \$92,600 of its FY 2021 building renewal appropriation for preventative maintenance, which may include maintenance contracts for HVAC, backup power generators, pavement maintenance, and sewage systems.

DH:kp



June 1, 2020

Representative Regina Cobb, Chairman
Joint Committee on Capital Review
Capitol Complex
1700 W. Washington
Phoenix, AZ 85007-2890



Re: Request for Placement on Joint Committee on Capital Review Agenda

Honorable Representative Cobb:

In accordance with A.R.S. § 41-1252 A(4), the Arizona Game and Fish Department respectfully requests to be on the next scheduled agenda of the Joint Committee on Capital Review to review updates to the Arizona Game and Fish Department's Building Renewal Expenditure plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Ty E. Gray".

Ty Gray
Director

cc: Senator David Gowan, Vice Chairman, JCCR
Richard Stavneak, Staff Director, JLBC
Matthew Gress, Director, OSPB



Arizona Game and Fish Department Building Renewal Expenditure Plan Fiscal Year 2021

Project: Horseshoe Ranch Wildlife Area - Outbuilding Reroofing

Funding Source: Game and Fish Fund

Need: The Horseshoe Ranch was acquired by the Arizona Game and Fish Commission with several structures and improvements on the site that support ongoing operations and provide needed accommodations for public and Department functions. Horseshoe Wildlife Area is a multifaceted use area segregated into five subsets: Special Status Species population and habitat management, game species and wildlife population, wildlife and outdoor recreational instructions and outreach activities, preservation of cultural significance, and a meeting and event venue for other agencies and non-governmental organizations.

The roofing on three buildings at Horseshoe Wildlife Area, the kitchen & dining building and two bungalows, have far exceeded their useful life and require full replacement. This property is used for public and Department events and requires functional, safe and well maintained facilities.

Project Description: Strip off all old roofing, replace any sheeting as determined necessary, reroof with a standing seam metal roof (Department standard).

Impact of Not Approving this Request: The Horseshoe Wildlife Area serves as a base of operations for a wide variety of public and Department events including professional development, watchable wildlife workshops, and long term research projects. Failure to address roofing on these key buildings will require that their use cease, immediately diminishing the utility of the entire site. To defer this work could result in further degradation and more costly repairs and impose an increasing safety issue.

Cost Estimate: \$95,000

Project: Horseshoe Ranch Wildlife Area - Solar Power System Renovation

Funding Source: Game and Fish Fund

Need: The Horseshoe Ranch Wildlife Area is surrounded by the 71,000-acre Aqua Fria National Monument, and is not connected to the electrical grid. As an “off grid” facility, the wildlife area has operated with both solar and propane generator power to meet its needs. An off grid power system such as the one used at Horseshoe Ranch should generate 90-95% of its power “passively” via solar panels charging battery storage, with “active” generator power utilized only to make up the difference between. Unfortunately, the overall inefficiency of the current system and a failing battery bank have left the facility reliant on direct generator power over 70% of the time. The current situation is highly inefficient and costly.

Project Description: Replace the existing system components with up to date technology and modernize battery storage system.

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to operating like a business and utilizing revenues in a cost-effective manner, which includes preserving its administrative assets. Continuing in the current manner will compound energy costs beyond those of the project as proposed, and imposes additional wear on generators that could result in premature failures and more costly emergency repairs.

Cost Estimate: \$90,000

Project: Horseshoe Ranch Wildlife Area Septic System Replacement Phase II

Funding Source: Game and Fish Fund

Need: At the time of its acquisition by the Game and Fish Commission, Horseshoe Ranch included multiple independent septic systems for each building, some of which were failing. Operation and maintenance costs and time spent on repairs increased as the system aged. In its September 2019 meeting, The Joint Committee on Capitol Review favorably reviewed the Department's use of FY20 Building Renewal Funds to design and initiate an alternative mound/evaporation system which will serve the entire compound (Horseshoe Ranch Wildlife Area Septic System Replacement Phase I). This phase of the ongoing project will utilize FY21 Building Renewal Funds to connect the ranch buildings to the new treatment system.

Project Description: This second phase will complete the project by connecting all the buildings to the new treatment system 7,500 gallon tank and evapotranspiration bed. Existing septic tanks and leach fields will be decommissioned.

Impact of not Approving This Request: Failing systems were replaced during Phase I to prevent a health and safety outcome that would have resulted in the inability to use this administrative site for Department field staff and other group gatherings. Inability to complete this project will undermine existing expenditures and deferment is likely to create greater expense in addition to this opportunity cost.

Cost Estimate: \$150,000

Project: Quigley Wildlife Area Residence Renovation

Funding Source: Game and Fish Fund

Need: The Arizona Game and Fish Commission owns and operates the Quigley Wildlife Area east of Yuma, which includes the Tacna Marsh, an important wetland along the Gila River. On site management is required for this wildlife area in order to provide necessary property maintenance and 24/7 building security. In addition to active management opportunities for Arizona's wildlife and habitat, the wildlife area provides watchable wildlife and wildlife education opportunities to the public. Recently, the Department became the beneficiary of an adjacent property which has a residential structure that requires substantial renovation before it can be utilized to provide a safe, healthy living environment for the wildlife area manager.

Project Description: Implement priority renovations including electrical code remediation, new roofing, new interior and exterior painting, perimeter porch covering repairs, new bathroom fixtures and flooring.

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing a quality work environment for its employees and to the active management of habitat to conserve and protect Arizona's wildlife. The persistence of this residential property in an unusable state represents significant opportunity costs for an on-site manager who can provide needed maintenance and 24/7 security. Wildlife areas require constant management of habitat values as well as protection and maintenance of structures, which is complicated by their remote nature. Constant on site management is optimal. Additionally, persistence of poor conditions on the residential property may lead to further damage resulting in higher costs to repair or even condemnation of the structure, and detract from the public's image of the Department.

Cost Estimate: \$125,000

Project: Arizona Game and Fish Department Regional Office Exterior Lighting LED Conversions

Funding Source: Game and Fish Fund

Need: The Arizona Game and Fish Department owns and operates six Regional Offices around the state (Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa). These offices are typically occupied by 25 to 35 permanent staff and act as a base station for law enforcement officers and other field personnel. They are also AGFD's primary customer service locations throughout the state, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. Pursuant to the FY2020 Building Renewal plan favorably reviewed by JCCR in September 2019, the Department began replacing exterior lighting fixtures at its Headquarters, Flagstaff, and Pinetop Regional Offices. Exterior lighting fixtures on all regional offices dated to original construction in the 1980's, and these fixtures remain at the Kingman, Yuma, Tucson and Mesa Regional Offices. These dated fixtures require lamping that is extremely energy inefficient and can be difficult to acquire due to age.

Project Description: Retrofit exterior lighting at the Kingman, Yuma, Tucson and Mesa Regional Offices with appropriately designed LED area lighting fixtures and lamps.

Impact of Not Approving this Request: To defer this work would result in continued safety and security concerns for both staff and the public and lost opportunity to reduce power and maintenance cost long term.

Cost Estimate: \$40,000

Project: Arizona Game and Fish Department Facility Condition Assessment

Funding Source: Game and Fish Fund

Need: Facility Condition Assessment (FCA) is an industry term that describes the process of a qualified group of trained industry professionals performing an analysis of the condition of a facility or group of facilities that may vary in terms of age, design, construction methods, and materials. In 2017, the Arizona Department of Administration contracted with ABACUS Project Management, Inc, and Parsons Environmental & Infrastructure Group Inc. to complete a visual inspection of its facilities. Additionally, comprehensive FCA data was analyzed to provide high level results to calculate the Facility Condition Index (FCI) scores. The FCI is a numerical value of condition and helps to identify the need for renewal or replacement of specific parts of the facility. Parsons' flagship software application eCOMET® was used to efficiently identify, assess, and authoritatively plan ADOA's asset management needs.

It has been a long standing goal to implement a similar facility assessment program for Arizona Game and Fish Department buildings and infrastructure. Having well developed FCA data will facilitate more efficient capital renewal budget development and provide real time deferred maintenance reporting, which is not currently available.

Project Description: AZGFD has hired a consultant firm Abucus, partnered with Parson, to evaluate Game and Fish owned and operated properties for inventory and Assessment of the structures and infrastructure. This proposal reflects year two of a multi-year endeavour.

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to operating like a business and utilizing revenues in a cost-effective manner, which includes preserving its administrative assets. Deferring the continuation of this project will result in loss of funds already invested and impose additional costs upon resumption.

Cost Estimate: \$150,000

Project: White Water Draw Wildlife Area Residence Renovation

Funding Source: Game and Fish Fund

Need: The Arizona Game and Fish Commission owns and operates the White Water Draw Wildlife Area north of Douglas. The area is a major roost site for sandhill crane and the location of the Department's "Crane Cam" wildlife camera ([link](#)). White Water Draw provides significant opportunities for waterfowling, camping and wildlife watching to the public. On-site management is required because of the size, public interest, species diversity and active management needs of the White Water Draw Wildlife Area as well as to provide necessary property maintenance and 24/7 building security. The Department will provide residence of approximately 2,600 SF, however the identified structure requires substantial renovation to provide a safe, healthy living environment.

Project Description: Implement priority renovations including electrical code remediation, new roofing, new interior and exterior painting, perimeter porch covering repairs, new bathroom fixtures, new kitchen cabinets and fixtures, and flooring.

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing a quality work environment for its employees and to the active management of habitat to conserve and protect Arizona's wildlife. The persistence of this residential property in an unusable state represents significant opportunity cost for an on-site manager who can provide needed maintenance and 24/7 security. Wildlife areas require constant management of habitat values as well as protection and maintenance of structures, which is complicated by their remote nature. Constant on site management is optimal.

Cost Estimate: \$150,000

Project: Robbins Butte Wildlife Area Manager's Residence Septic System

Funding Source: Game and Fish Fund

Need: The Arizona Game and Fish Commission owns and operates the Robbins Butte Wildlife Area west of Buckeye. This actively managed 1,680 acre wildlife adjoins the Gila River corridor and features diverse habitats that draw large populations of resident and migratory wildlife to this area. Robbins Butte offers a variety of hunting opportunities including mule deer, javelina, dove, quail and rabbit. The largest youth opportunity is held on opening weekend in September and provides a mentored experience for youth hunters.

The manager's residence septic system is currently failing, creating an unhealthy environment for the family and visitors.

Project Description: Design and construct a new ADEQ approved septic system. Abandon the old system per ADEQ guidelines.

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing a quality work environment for its employees, to the active management of habitat to conserve and protect Arizona's wildlife and to provide opportunities for safe, healthy outdoor recreation. Deferment of repairs is likely to result in an unacceptable health risk for the public and Department employees.

Cost Estimate: \$40,000

Project: State Headquarters – Major Maintenance Fund

Funding Source: Game and Fish Fund

Need: As part of the lease purchase agreement for the Arizona Game and Fish Department Headquarters facility, the Department committed to depositing a portion of its annual building renewal allocation into a sinking fund established through an indenture agreement with Wells Fargo Corporate Trust. This fund will cover future capital expenses associated with major cyclic maintenance items.

Project Description: Scheduled major maintenance items include

- Administration Building Roof Maintenance – Foam Roof Sealant every 7 years; new roof in year 25
- Interior Floors, Walls – Replace carpet flooring every 7 years; paint interior walls every 5 years; other flooring every 10 – 15 years
- Building Systems - Assumes ongoing upgrades to lighting, HVAC (energy management), telecommunication and information systems; security/access control system; fire detection and alarm system
- HVAC – Anticipated replacement of chiller in year 25; air handler unit replacements in years 20 -25; independent heat pump systems every 12 years
- Asphalt Maintenance – Crack seal every 3 years; seal coat parking lots every 5 years; slurry seal main entry road every 5 years; mill and overlay parking lot and main entry road in year 20

Cost Estimate: \$52,230

Project: Arizona Game and Fish Department Building Renewal Emergency Allocation

Funding Source: Game and Fish Fund

Need: The Department maintains more than three hundred facilities within its building and infrastructure system statewide, which comprises a great diversity of types including administrative offices, administrative sites, shooting ranges, actively and passively managed wildlife areas, dams, boating facilities and other recreational improvements. Facilities range in age from historic structures constructed in the 1930s to recently constructed operational and administrative facilities. It is critical that the Department executes a comprehensive maintenance program that includes scheduled replacement or renovation of major building systems and other infrastructure, circumventing costly repairs and preserving the value and useful life of these mission critical assets. However, given this maintenance burden it is difficult if not impossible to anticipate the timing and nature of all building component failures. In the event of unexpected critical breakdowns or imminent failures, the Department requires the fiscal agility to remedy events in an expeditious manner. Accordingly, the Arizona Game and Fish Department is requesting the following:

Project Description: Expenditure Categories include

1. Emergency Maintenance and Repairs: Unscheduled and unanticipated building system or equipment repairs requiring immediate response in order to maintain functionality of essential facilities and infrastructure.
2. Corrective Maintenance: These maintenance activities are typically related to health, safety or accessibility concerns as determined by the Department's Loss Prevention Coordinator or Engineering staff, and require a timely response

The distribution of the Emergency Allocation of \$75,000 shall be addressed as follows:

- AGFD shall notify the Chairman and JLBC staff that they plan to spend less than \$25,000 on an emergency maintenance and repair or corrective maintenance project. AGFD can proceed without Committee review
- The Chairman can allow AGFD to expend more than \$25,000 on an emergency maintenance and repair or corrective maintenance project without Committee review
- The Chairman will notify AGFD if he does not agree that the project is an emergency or urgent corrective action and that the project will require full Committee review

Cost Estimate: \$75,000

Project: Arizona Game and Fish Department Preventive Maintenance

Funding Source: Game and Fish Fund

Need: Pursuant to A.R.S. 41-793.01, the Arizona Game and Fish Department may spend up to 8% of its total building renewal appropriation on preventive maintenance which can include preventive maintenance contracts for HVAC, backup power generators, pavement maintenance (small repairs), wastewater pump stations, septic systems, etc.

Project Description: Implement Statewide preventive maintenance work on Arizona Game and Fish Commissioned owned facilities.

Cost Estimate: \$96,000

FY21 Building Renewal Expenditure Plan	
Project	Cost Estimate
Horseshoe Ranch Wildlife Area - Outbuilding Reroofing	\$90,000
Horseshoe Ranch Wildlife Area - Solar Power System Renovation	\$95,000
Horseshoe Ranch Wildlife Area - Wastewater System Phase II	\$150,000
Quigley Wildlife Area Residence Renovation	\$125,000
Regional Offices Exterior Lighting LED Conversions	\$40,000
AGFD Facility Inventory and Condition Assessment	\$150,000
White Water Draw Wildlife Area Residence Renovation	\$150,000
Robbins Butte Wildlife Area Manager's Residence Septic System	\$40,000
Arizona Game and Fish State Headquarters – Major Maintenance Fund	\$52,230
AGFD Building Renewal Emergency Allocation	\$75,000
AZGFD Preventive Maintenance Allocation	\$96,000
TOTAL:	\$1,063,230

STATE OF ARIZONA

Joint Committee on Capital Review

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BEN TOMA

DATE: June 23, 2020

TO: Members of the Joint Committee on Capital Review

FROM: Geoffrey Paulsen, Senior Fiscal Analyst

SUBJECT: Arizona Department of Corrections - Review of FY 2021 Building Renewal Allocation Plan and Revised FY 2020 Building Renewal Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona Department of Corrections (ADC) is requesting the Committee review its FY 2021 Building Renewal Allocation Plan. The FY 2021 Capital Outlay Bill appropriated \$5,464,300 from the Department of Corrections Building Renewal Fund to ADC for general building renewal. The expenditure plan includes 16 projects at 8 state prison facilities.

ADC is also requesting the Committee review a reallocation of \$1,200,000 of its FY 2020 Building Renewal funding to complete a project at Perryville prison and for additional funding for future projects.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Under either option, the Committee may also consider the following provisions:

- A. ADC shall report to the JLBC Staff any reallocations between project categories as listed in *Table 1* that exceed \$100,000. ADC shall report this information as part of its existing semi-annual building renewal status report.

(Continued)

- B. If ADC adds a new project category not listed in *Table 1*, the department shall report the proposed project category and expenditure plan to the Chairman and JLBC Staff. The Chairman will notify ADC whether the expenditure plan will require Committee review.
- C. ADC shall notify the Chairman and the JLBC Staff if they plan to spend the contingency allocation. The Chairman will notify ADC if the contingency plan will require full Committee review.

Key Points

- 1) The FY 2021 budget appropriated \$5.5 million for ADC building renewal. The ADC proposal includes:
 - \$1.9 million for security projects.
 - \$956,700 for plumbing and water pump projects.
 - \$839,300 for generator projects.
 - \$491,400 for roof replacement.
 - \$383,100 for heating, air conditioning and ductwork projects.
 - \$197,800 for fire system projects.
 - \$654,300 for contingency costs.
- 2) The projects exclude the ongoing lock, HVAC and fire system repairs at Lewis and Yuma prisons, which are being funded separately.
- 3) ADC proposes to reallocate \$1.2 million of its FY 2020 building renewal funding. The reallocation includes:
 - \$(700,000) to cancel a structural repair project.
 - \$(500,000) from cost savings from a ductwork replacement project.
 - \$418,900 for concrete catwalk repairs.
 - \$781,100 for contingency costs.

Analysis

The FY 2021 Capital Outlay Bill appropriated a total of \$5.5 million from the Department of Corrections Building Renewal Fund to ADC for general building renewal.

FY 2021 Building Renewal Plan

The FY 2021 ADC Building Renewal Plan displayed in *Table 1* includes monies for the following projects:

- *Security Projects*
 - \$607,500 to upgrade door controls and locking systems in the Tonto and Graham Units at the Safford prison. These units have a combined operating capacity of 1,121 inmates in minimum and medium custody.
 - \$330,000 to upgrade the door controls panels in the main control room and the Rincon, Winchester and Manzanita units at the Tucson prison. These units have a combined operating capacity of 1,866 inmates in medium and close custody.
 - \$329,200 to replace food trap locks that have reached their end of life in the Browning Unit at the Eyman prison. The food traps are openings within the cell door used to pass food trays to inmates. The Browning Unit has an operating capacity of 1,008 inmates in close and maximum custody. The Browning Unit also houses inmates on death row.

(Continued)

- \$290,000 to install a setback fence at the Winslow prison to reduce the introduction of contraband into the facility. The Winslow prison has an operating capacity of 1,842 inmates in minimum and close custody.
- \$285,000 to replace the electric vehicle access gates for the Cheyenne and Dakota units at the Yuma prison. ADC reports these gates have required extensive maintenance which could lead to potential failures.
- \$100,000 to replace the electronic perimeter system for the Aspen Unit at the Phoenix Prison. The perimeter system notifies staff in the event of an intruder or attempted escape by an inmate. ADC reports the current system has reached the end of its serviceable life and that the manufacturer no longer supports parts and service. The Aspen Unit has an operating capacity of 150 inmates in medium custody.
- *Plumbing and Water Pump Projects*
 - \$881,700 for Phase 1 of a project to repair plumbing chase walls in the Browning Unit at the Eyman prison. ADC reports these chases are critical to cell structure security and that moisture from evaporative cooling and sewer lines have caused the metal structures to rust. A chase is a false wall that is used to conceal plumbing.
 - \$75,000 to repair several components of the water pump station at the Perryville prison.
- *Generator Projects*
 - \$514,300 to replace the emergency generators at the Winslow prison.
 - \$200,000 to replace the emergency generator for the SMU I Unit at the Eyman prison.
 - \$125,000 to replace the emergency generator for the main control center at the Tucson prison.
- \$491,400 to replace the roof of the warehouse at the Yuma prison.
- *Heating, Air Conditioning and Ductwork Projects*
 - \$235,000 to replace ductwork in the Cook, Rynning and Meadows units at the Eyman prison. ADC reports that evaporative cooling has caused extensive rust and can no longer be repaired.
 - \$98,100 to replace 10 air conditioning units in the Santa Rosa, San Carlos and Piastewa units at the Perryville prison.
 - \$50,000 to replace the heater in the Mohave Unit at the Douglas prison. ADC reports that the current system is no longer serviceable.
- \$197,800 to replace and upgrade the fire alarm system at the Phoenix prison.
- \$654,300 for contingency costs. In order to address the use of the contingency allocation, the Committee may consider Provision C, which would require ADC to report on its planned expenditure of these monies.

(Continued)

Table 1	
FY 2021 Building Renewal Plan	
<u>Security Projects</u>	
Door Control and Lock Upgrades - 2 Units (Safford)	\$ 607,500
Door Control Panel Upgrades - 3 Units (Tucson)	330,000
Food Trap Locks - Eyman Browning Unit	329,200
Setback Fence Installation - Winslow	290,000
Electric Vehicle Access Gates - 2 Units (Yuma)	285,000
Electronic Perimeter System Replacement - Phoenix Aspen Unit	<u>100,000</u>
<i>Subtotal</i>	\$ 1,941,700
<u>Plumbing and Water Pump Projects</u>	
Plumbing Chase Walls Phase 1 - Eyman Browning Unit	\$ 881,700
Water Pump Station Repairs - Perryville	<u>75,000</u>
<i>Subtotal</i>	\$ 956,700
<u>Generator Projects</u>	
Emergency Generators Replacement - Winslow	\$ 514,300
Emergency Generator Replacement - Eyman SMU I	200,000
Emergency Generator Replacement - Tucson Main Control Center	<u>125,000</u>
<i>Subtotal</i>	\$ 839,300
<u>Roof Replacement</u>	
Warehouse Roof Replacement - Yuma	\$ 491,400
<u>Heating, Air Conditioning and Ductwork Projects</u>	
Ductwork Replacement - 3 Units (Eyman)	235,000
Air Conditioning Replacement - 3 Units (Perryville)	98,100
Heater Replacement - Douglas Mohave Unit	<u>50,000</u>
<i>Subtotal</i>	\$ 383,100
<u>Fire System Projects</u>	
Fire Alarm System Upgrade - Phoenix	\$ 197,800
Contingency	\$ 654,300
Building Renewal Total	\$5,464,300

FY 2020 Building Renewal Reallocation

At the September 2019 JCCR meeting, the Committee reviewed ADC's FY 2020 Building Renewal Allocation Plan. The original allocation plan included \$700,000 for structural repairs in the Central Unit at Florence prison. ADC now plans to vacate the Central Unit and utilize beds that are being renovated as part of the Lewis and Yuma lock, HVAC and fire system project. The original allocation also included \$743,600 for ductwork replacement in the Cimarron Unit at Tucson prison. ADC reports that the project was completed using inmate labor which resulted in savings of \$500,000.

ADC's reallocation plan is detailed in *Table 2*, and would include monies for the following projects:

- \$418,900 for catwalk repairs in the Lumley, Santa Maria and San Pedro units at the Perryville prison. ADC reports the existing structures have deteriorated and need repair. The project would also upgrade lighting systems in the catwalks. Catwalks are utilized by staff and inmates to access cells on the upper levels of the units.

(Continued)

- \$781,100 for contingencies. The FY 2020 funding is available through FY 2021. The contingency allocation would allow ADC to fund building repair projects.

Table 2			
FY 2020 Building Renewal Reallocation			
	<u>Original Allocation</u>	<u>Revised Allocation</u>	<u>Difference</u>
Structural Repair - Florence Central Unit	\$ 700,000	\$ -	\$ (700,000)
Duct Replacement - Tucson Cimarron Unit	743,600	243,600	(500,000)
Catwalk Repairs - 3 Units (Perryville)	-	418,900	418,900
Contingency	-	<u>781,100</u>	<u>781,100</u>
Total	<u>\$1,443,600</u>	<u>\$1,443,600</u>	<u>\$ 0</u>

GP:kp



DOUGLAS A. DUCEY
GOVERNOR

Arizona Department of Corrections Rehabilitation & Reentry

1601 WEST JEFFERSON
PHOENIX, ARIZONA 85007
(602) 542-5497
www.azcorrections.gov



DAVID SHINN
DIRECTOR

June 1, 2020

The Honorable Regina E. Cobb, Chairman
Joint Committee on Capital Review
1716 West Adams
Phoenix, Arizona 85007

Re: Submission for review of FY 2021 Building Renewal Plan and FY 2020 Building Renewal Reallocation

Dear Representative Cobb:

The Arizona Department of Corrections, Rehabilitation & Reentry (ADCRR) requests placement on the next meeting agenda of the Joint Committee on Capital Review (JCCR) for its review of the ADCRR FY 2021 Building Renewal Plan.

ADCRR was appropriated \$5,464,300 from the Building Renewal Fund (2551) for FY 2021. Supporting documentation for each project for this plan is enclosed.

In addition, ADCRR wishes to reallocate \$1,200,000 from its FY 2020 building renewal plan. Supporting documentation for this reallocation plan is enclosed.

If you have any questions, please contact Joseph Profiri, Deputy Director, ADCRR at (602) 542-5225.

Sincerely,

David Shinn
Director

Enclosures

cc: The Honorable David M. Gowan, Vice-Chairman, JCCR
Matthew Gress, Director, Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Ryan Vergara, Budget Manager, Office of Strategic Planning and Budgeting
Geoffrey Paulsen, Fiscal Analyst, Joint Legislative Budget Committee

**Arizona Department of Corrections, Rehabilitation & Reentry
FY 2021 Building Renewal Project Allocation**

Phoenix Complex Fire Alarm Upgrades **\$197,802**

The fire alarm system at the Phoenix complex has reached the end of its serviceable life and is in need of replacement. The fire alarm system is critical to the life safety operation of the facility.

Eyman Complex Browning Unit Food Trap Lock Replacements **\$329,175**

Food trap locks at the Browning unit have reached the end of their service life and are in need of replacement. The food trap lock is a critical component in properly securing inmates within their assigned cells and provides increased safety for staff. Failure of the food trap locks increases the potential risk to staff when dealing with problematic individuals and increases the inmate's ability to pass contraband.

Eyman Complex Ductwork Replacement **\$235,000**

Due to the extended use of evaporative cooling, ductwork in Cook, Rynning and Meadows units of the Eyman complex have reached the end of their serviceable life and are in need of replacement. The ductwork has become rusted over time causing failures and can no longer be repaired. The replacement of these cooling ducts will allow for uniformed air distribution meeting air flow design guidelines.

Winslow Complex Additional Perimeter Fence **\$290,000**

The Winslow complex is located on a remote parcel of property which allows external access to portion of the institutional security perimeter fencing. The installation of a setback fence would prevent the introduction of contraband into this facility by creating spacing between security fences eliminating the ability to throw contraband over security perimeter fences into secure space. The introduction of contraband and the ability of inmates to possess hazardous items have a direct effect on the safe and secure operation of a facility. Installation of an additional setback fence would establish a clear exterior facility boundary.

Eyman Complex Browning Unit Plumbing Chase Wall Repairs Phase I **\$881,667**

The plumbing chase walls in multiple cells in the Browning unit have deteriorated to the point of failure and are in need of replacement. These plumbing chases are a critical component in the cells structural security and plumbing infrastructure of a housing unit. The use of these chases for plumbing / sewer lines along with the effects of evaporative coolers have caused the metal structures to rust and deteriorate existing walls to the point of them being a security risk.

Douglas Mohave Unit Heater Replacement **\$50,000**

The heaters at the Mohave unit have reached the end of their serviceable life and are in need of replacement. These heaters are critical to providing a habitable living space for inmates. Replacing the units are more cost effective as compared to repair costs for effective operation.

Phoenix Aspen Unit Perimeter Security System Upgrade **\$100,000**

The electronic perimeter system at the Aspen unit has reached the end of its serviceable life and is no longer supported by the manufacturer for parts and service. Due to the unavailability of parts this system is in need of replacement. The perimeter system notifies staff in the event of an intruder or attempted escape by an inmate and is critical to the overall security of the prison.

Tucson Complex Door Control Panels Upgrade**\$330,000**

Several of the door control panels located in Main Control, Rincon, Winchester and Manzanita units at the Tucson complex have reached the end of their serviceable life requiring replacement. The door control panels provide electronic activation of doors and gates used to control inmate and visitor movement. Replacement parts for these door controls have become obsolete and difficult to obtain. These door control panels are critical to the safe and secure operation of the complex.

Yuma Complex Cheyenne & Dakota Vehicle Gate Upgrades**\$285,000**

The electric vehicle access gates at the Cheyenne and Dakota units have reached the end of their serviceable life and are in need of replacement. These gates require extensive maintenance for proper operation resulting in potential failures. These gates are critical to the units operation by allowing vehicle access to secure areas of the facility. These gates are a component of the units' exterior perimeter security system.

Safford Complex Tonto & Graham Unit Door Controls and Lock System Upgrades \$607,493

The door controls and associated locking systems at the Tonto and Graham units have reached the end of their serviceable life and in need of replacement. These systems are utilized to control inmate housing unit doors and are critical to the secure locking operation of the units. These door controls have a direct effect on staff safety and the ability to secure the inmate population within their assigned housing units.

Perryville Complex Replace Ten A/C Units**\$98,120**

The Perryville complex has ten air conditioning units that have reached the end of their serviceable life and are in need of replacement. These a/c units are located in Santa Rosa, San Carlos and Piestewa inmate housing areas. The effective operations of climate control systems for airflow requirements are paramount to providing proper habitable living conditions. It is more cost effective to replace these units as compared to repairing them.

Tucson Complex Main Control Generator Replacement**\$125,000**

The main control generator has reached the end of its serviceable life and is need of replacement. This generator provides emergency power to main controls, door circuits, cameras and plc's within the main control center at the Tucson complex. Main control is the central point of the operational structure and is a critical infrastructure component necessary for the safe and secure operations of the facility.

Perryville Complex Water Pump Station Repairs**\$75,000**

Several components of the Perryville complex water pump station have reached the end of their serviceable life and are in need of replacement. These components include main controls, valves, piping and electrical equipment. The proper operation of the water pumping system is critical to the operations of the prison.

Yuma Complex Warehouse Roof Replacement**\$491,420**

The roof at the Yuma complex warehouse has reached the end of its serviceable life and is in need of replacement. The warehouse stores millions of dollars' worth of supplies to support the prison. Ensuring no infiltration of the elements is paramount for the warehousing of supplies for the prison complex.

Winslow Complex Generator Replacement**\$514,300**

The emergency generators at the Winslow complex have reached the end of their serviceable life and are in need of replacement. The emergency generators are critical to complex operations in the event of a power failure.

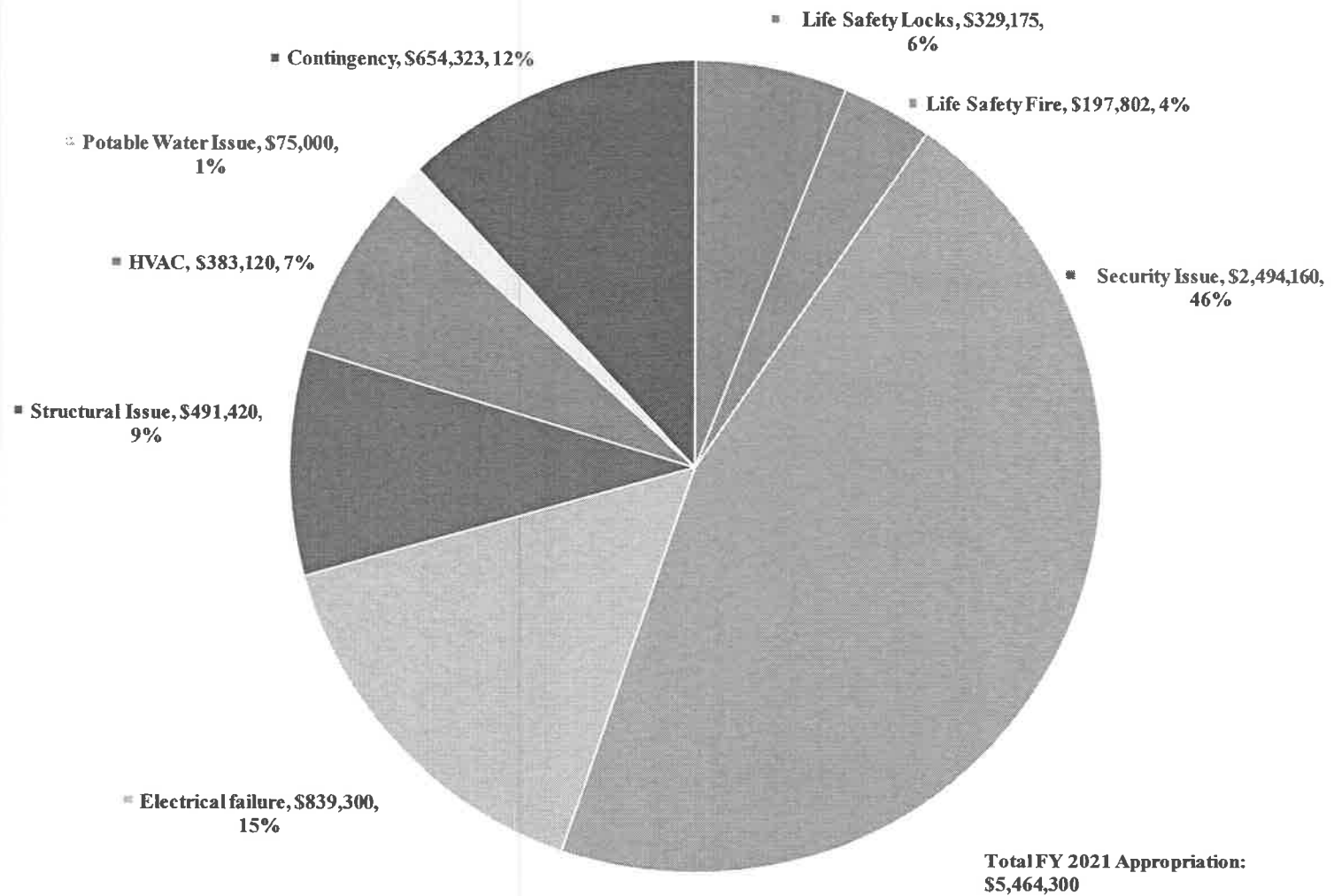
Eyman Complex SMU I Generator Replacement**\$200,000**

The emergency generator at the SMU I unit has reached the end of its serviceable life of 30 years and is in need of replacement. This emergency generator is paramount to operations at this maximum custody level unit to support operations in the event of a power failure.

Contingency**\$654,323****FY 2021 Building Renewal Project Allocation Total****\$5,464,300**

Life Safety Locks	\$329,175
Life Safety Fire	\$197,802
Security Issue	\$2,494,160
Electrical failure	\$839,300
Structural Issue	\$491,420
HVAC	\$383,120
Potable Water Issue	\$75,000
Contingency	\$654,323
	\$5,464,300

ADCRR FY 2021 Building Renewal Allocation



**ARIZONA DEPARTMENT OF CORRECTIONS REHABILITATION & REENTRY
FY 2021 BUILDING RENEWAL PLAN**

Building Renewal - Laws 2020, 2nd Regular Session, Chapter 57, Section 1 (SB 1691)

LOCATION	UNIT	DESCRIPTION	COST
ASPC - Phoenix	Complex	Fire Alarm Systems Upgrades	\$197,802
ASPC - Eyman	Browning	Replacement of Food Trap Locks	\$329,175
ASPC - Eyman	Cook, Rynning, Meadows	Replacement of Failing Ductwork	\$235,000
ASPC - Winslow	Complex	Installation of Outer Perimeter Fence	\$290,000
ASPC - Eyman	Browning	Replace Deteriorated Plumbing Chase Walls Browning Unit Phase I	\$881,667
ASPC - Douglas	Movave	Mohave Unit Heater Replacement	\$50,000
ASPC - Phoenix	Aspen	Electronic Perimeter System Upgrade	\$100,000
ASPC - Tucson	Main Control, Rincon, Winchester, Manzanita	Replacement of Door Control Panels	\$330,000
ASPC - Yuma	Cheyenne / Dakota	Upgrade Vehicle-Gate Operation Controls	\$285,000
ASPC - Safford	Tonto & Graham	Door Controls & Locking Systems Upgrades	\$607,493
ASPC - Perryville	San Carlos, Santa Rosa, Piestewa	Replace 10 Air Conditioner Units	\$98,120
ASPC - Tucson	Main Control	Replace Main Control Generator	\$125,000
ASPC - Perryville	Water Pump Station	Water Pump Station Repairs	\$75,000
ASPC - Yuma	Warehouse	Replace Complex Warehouse Roof	\$491,420
ASPC - Winslow	Complex	Replace Complex Emergency Generators	\$514,300
ASPC - Eyman	SMU I	Replace 30 Year Old Generator	\$200,000
Contingency			\$654,323
			\$5,464,300

**Arizona Department of Corrections, Rehabilitation & Reentry
FY 2020 Building Renewal Projects - Reallocation**

ADCRR wishes to reallocate \$1,200,000 from the FY2020 Building Renewal Plan. \$700,000 is available from the Florence complex Central Unit structural repair project (project cancelled due to the potential closure of the Florence complex), and \$500,000 is available from the Tucson Cimarron duct work replacement project originally funded at \$743,561 (project was completed utilizing inmate labor for much less than originally anticipated). The \$1,200,000 will be reallocated as follows:

Perryville Complex Catwalk Repairs

\$418,900

Concrete catwalks at Lumley, Santa Maria and San Pedro units of the Perryville complex have deteriorated to the point of pending failure and are in need of repair, some lighting systems have also been affected by the structural deterioration and are also in need of repair. These catwalks are utilized by staff and inmates to access the cells on the upper levels of the housing units.

Contingency

\$781,100

FY 2020 Building Renewal Project Re-Allocation Total

\$1,200,000

**ARIZONA DEPARTMENT OF CORRECTIONS
FY 2020 BUILDING RENEWAL REALLOCATION PLAN**

Building Renewal - Laws 2019, 1st Regular Session, Chapter 264, Section 2, C (HB 2748)

LOCATION	PROJECT DESCRIPTION	APPROVED as of Sept. 25, 2019	PROPOSED REALLOCATION	DIFFERENCE
ASPC-Florence	Central Unit structural repair	\$ 700,000	\$ -	\$ 700,000
ASPC-Tucson	Cimarron duct replacement	\$ 743,561	\$ 243,561	\$ 500,000
ASPC-Perryville	Catwalk Repairs: Lumley, Santa Maria, San Pedro	\$ -	\$ 418,900	\$ (418,900)
Contingency		\$ -	\$ 781,100	\$ (781,100)
TOTAL		<u>\$ 1,443,561</u>	<u>\$ 1,443,561</u>	<u>\$ -</u>
FUND SOURCE				
BUILDING RENEWAL FUND (2551)		<u>\$ 1,443,561</u>	<u>\$ 1,443,561</u>	<u>\$ -</u>
TOTAL FUND		<u>\$ 1,443,561</u>	<u>\$ 1,443,561</u>	<u>\$ -</u>



STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: June 17, 2020

TO: Members of the Joint Committee on Capital Review

FROM: Rebecca Perrera, Principal Fiscal Analyst

SUBJECT: Arizona Department of Administration - Consider Recommending Secretary of State FY 2021 Rent Exemption

Request

A.R.S. § 41-792.01D, authorizes the Director of the Arizona Department of Administration (ADOA), on recommendation from the Joint Committee on Capital Review, to grant a full or partial exemption from the payment of state-owned rental fees if an agency does not occupy their space or lacks the financial resources to make a payment. ADOA requests the Committee recommend a full exemption totaling \$407,200 for the Secretary of State in FY 2021 for the Records Management Center located at 1919 West Jefferson.

Committee Options

The Committee has at least the following 3 options:

1. The Committee recommends a full rent exemption for FY 2021.
2. The Committee recommends a full rent exemption in FY 2021 and recommends an ongoing rent exemption in future years unless the Legislature provides additional funding to SOS to cover the rent cost of the Records Management Center property.
3. The Committee does not recommend the full rent exemption.

Key Points

- 1) Statute allows ADOA to grant rent exemptions to agencies who do not occupy their state-owned space or lack resources to make a payment.
- 2) ADOA requests the Committee recommend a full rent exemption for the SOS Records Management Center building in FY 2021.
- 3) SOS moved state records from the state-owned building to a privately-owned facility in 2017.
- 4) SOS has insufficient funds to pay the costs of both the private space and the vacant state space.

(Continued)

Analysis

At the December 2019 JCCR meeting, the Committee recommended a full FY 2020 rent exemption totaling \$407,200 for the Secretary of State Records Management Center located at 1919 West Jefferson. Given this, ADOA is requesting that JCCR recommend a FY 2021 rent exemption for the Records Management Center building.

RP:kp

Douglas A. Ducey
Governor



Andy Tobin
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR
100 NORTH FIFTEENTH AVENUE • SUITE 403
PHOENIX, ARIZONA 85007
(602) 542-1500

May 14, 2020



The Honorable Representative Regina E. Cobb, Chairman
Joint Committee on Capital Review (JCCR)
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable Senator David M. Gowan, Vice-Chairman
Joint Committee on Capital Review (JCCR)
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

Re: Capital Outlay Stabilization Fund (COSF) Rent Exemption

Dear Representative Cobb and Senator Gowan:

The Arizona Department of Administration (ADOA) requests the Joint Committee on Capital Review (JCCR) give a favorable review and recommendation of Capital Outlay Stabilization Fund (COSF) rent exemptions totaling \$407,200 for the Arizona Secretary of State (AZSOS). The AZSOS has indicated to ADOA that it does not have sufficient financial resources to cover these costs.

A.R.S. § 41-792.01(D) provides that agencies that occupy state-owned buildings shall pay the higher of the amount reported by the Joint Legislative Budget Committee (JLBC) Staff or the pro rata share based on actual occupancy. The ADOA Director, on the recommendation of the JCCR, may authorize a whole or partial exemption of COSF rent if the agency does not have the financial resources to pay its rent or vacates space after the beginning of the fiscal year.

1919 West Jefferson Street (Records Retention Center)

The FY 2021 COSF rent obligation for this space is \$407,200. This is consistent with the amount the Joint Legislative Committee Budget Staff (JLBC Staff) reported was included in the AZSOS FY 2021 operating budget. Prior to FY 2020, the AZSOS relocated state records from the Records Retention Center to a privately-owned facility; resulting in duplicative storage costs that were not


factored into the AZSOS future fiscal year's operating budgets. The FY 2021 AZSOS operating budget is insufficient to cover both the contractual obligation for the privately-owned facility and COSF rent. ADOA has authorized a FY 2021 COSF rent exemption.

On December 11, 2019 the JCCR reviewed an ADOA request for favorable review of an SOS request for rent exemption for the records retention center for both FY's 2020 and 2021. The committee recommended a full rent exemption for FY 2020 only with a provision that on or before January 31, 2020, ADOA shall report to the JLBC Staff on its long-term plans for the records management center building, including the current condition of the building, any plans to renovate or sell the building, and any potential building tenants.

Given the timeframe for procuring and receiving property appraisals, the ADOA requested JLBC Staff to provide an extension to the report date to March 31, 2020. Prior to the March 31, 2020 report deadline, the COVID pandemic tabled the report.

ADOA procured and received two independent appraisals of the property. The two independent appraisal values are \$2,900,000 and \$3,910,000. The difference of the two being just over \$1,000,000 is significant and analysis concludes that while the appraisal methodologies were nearly identical, the higher of the appraisals used comparables in the central core and the lower used comparables in suburban locations where the cost per square foot for warehouse space is lesser than in the central core. For the short term, given the current economic situation, the ADOA does not have a recommendation for its long term plans for the facility. ADOA will hold the property and determine whether to backfill, lease, or sell the property once market conditions stabilize. Those conditions may be better anticipated later this calendar year 2020 and the property should be reappraised.

Sincerely,


Andrew Tobin (May 14, 2020 14:49 PDT)
Andy Tobin

cc: Richard Stavneak, Director, JLBC Staff
Rebecca Perrera, Principal Fiscal Analyst, JLBC Staff
Matthew Gress, Director, OSPB
Bill Greeney, Assistant Director, OSPB
Jacob Wingate, Budget Manager, OSPB
The Honorable Katie Hobbs, Secretary of State
Elizabeth Alvarado-Thorson, Deputy Director, ADOA
Ray Di Ciccio, Deputy Director, ADOA
Derik Leavitt, Assistant Director, ADOA
Nola Barnes, Assistant Director, ADOA/GSD
John Hauptman, General Manager, ADOA/GSD/PCS
Elizabeth Bartholomew, Legislative Liaison, ADOA